



LUTHER SPEIGHT & COMPANY
Certified Public Accountants and Consultants

GREATER HORIZONS DEVELOPMENTAL SERVICES
Cotton Valley, Louisiana

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
WITH SUPPLEMENTAL INFORMATION
As of and for the Year Ended
December 31, 2014

GREATER HORIZONS DEVELOPMENTAL SERVICES
Cotton Valley, Louisiana

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LUTHER SPEIGHT & COMPANY
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Greater Horizons Developmental Services, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Greater Horizons Developmental Services, Inc. (GHDS) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Continued,

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greater Horizons Developmental Services, Inc. as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

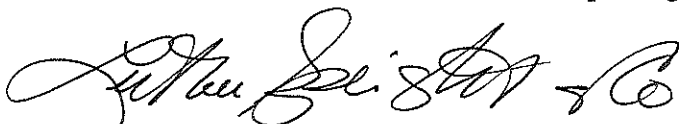
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *Schedule of Compensation, Benefits and Other Payments* are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 3, 2015, on our consideration of GHDS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GHDS's internal control over financial reporting and compliance.



New Orleans, Louisiana

August 3, 2015

GREATER HORIZONS DEVELOPMENTAL SERVICES
Statement of Financial Position
December 31, 2014

ASSETS	
Cash	\$ 132,081
Grants Receivable	111,268
Fixed Assets (Net)	11,567
Prepaid Expenses	1,970
Due From Sponsor	<u>2,064</u>
TOTAL ASSETS	<u><u>\$ 258,950</u></u>
LIABILITIES AND NET ASSETS	
Accrued Expenses	\$ 1,835
Deferred Revenue	222,730
Payroll Liabilities	<u>22,683</u>
TOTAL LIABILITIES	247,248
NET ASSETS	
Unrestricted Net Assets	135
Net Assets Restricted for Fixed Assets	<u>11,567</u>
TOTAL NET ASSETS	<u>11,702</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 258,950</u></u>

The notes are an integral part of these financial statements.

GREATER HORIZONS DEVELOPMENTAL SERVICES
Statement of Activities
For the Year Ended December 31, 2014

SUPPORT AND REVENUES	
Support:	
Grant Revenue and Contracts	\$ 1,253,023
Total Support	<u>1,253,023</u>
Revenue:	
Other Income	2,995
Total Revenue	<u>2,995</u>
 TOTAL SUPPORT AND REVENUES	 <u>1,256,019</u>
EXPENSES:	
Payroll Expenses	609,178
Contract Labor	43,475
Professional Services	428
Facility Rental	39,970
Advertising	100
Supplies	463,713
Office Expense	15,802
Insurance Expense	3,013
Equipment Rental& Maint	10,290
Dues and Subscriptions	380
Travel Expenses	16,333
Contributions	200
Bank Fees	1,229
Other Costs	39,751
Depreciation	<u>456</u>
 TOTAL EXPENSES	 1,244,317
 Change In Net Position	 11,702
 NET ASSETS, BEGINNING OF YEAR	 <u>-</u>
 NET ASSETS, ENDING OF YEAR	 <u>\$ 11,702</u>

The notes are an integral part of these financial statements.

GREATER HORIZONS DEVELOPMENTAL SERVICES
Statement of Cash Flows
December 31, 2014

Cash Flows from Operating Activities:	
Change in Net Assets	\$ 11,702
Adjustments to Reconcile Change in Net Assets to Net Cash Provided from Operations:	
Depreciation	456
Increase in receivables	(111,268)
Increase in Prepaids	(1,970)
Accrued Expenses	1,835
Increase in Payroll Liabilities	22,227
Increase in Deferred Revenue	220,487
Total Cash Provided by Operating Activities	143,469
Cash Flows from Investing Activities:	
Increase in Fixed Assets	(11,567)
Total Cash Provided by Investing Activities	(11,567)
Net Decrease in Cash	131,902
Cash at Beginning of Year	179
Cash at End of Year	\$ 132,081

The notes are an integral part of these financial statements.

GREATER HORIZONS DEVELOPMENTAL SERVICES
Cotton Valley, Louisiana

Notes to the Financial Statements
December 31, 2014

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Greater Horizons Developmental Services (a private non-profit organization) is domiciled in Cotton Valley, Louisiana. The Organization is recognized as a tax-exempt (non-profit) organization under section 501 (c) 3 of the Internal Revenue Service Code. The organization provides free, nutritious meals and snacks to help children in low-income areas get the nutrition they need to learn, play, and grow throughout the summer months when they are out of school. The Board of Directors of the Organization consists of three (3) members.

Basis of Presentation

For the period ending December 31, 2014, the Organization distinguishes between contributions that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. The following is a description of the three net assets categories:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulation.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or by passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization's to use all or part of the income earned on related investments for general or specific purposes.

Public Support and Revenue

In order to comply with restrictions that donors place on grants and other gifts as well as designations made by its governing board, the principles of reporting net assets are used. Revenue and public support consists mainly of a federal grant. Grants and other contributions of cash and other assets are reported as permanently restricted or temporarily restricted if they are received with donor restrictions or restrictions designated by the governing board. Contributions are considered to be unrestricted unless restricted by the donor.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates. Accordingly, actual results could differ from those estimates.

GREATER HORIZONS DEVELOPMENTAL SERVICES
Cotton Valley, Louisiana

Notes to the Financial Statements
December 31, 2014

Cash and Cash Equivalents

The Organization considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents. At December 31, 2014, The Summer Feeding and the Child and Adult Care Food Programs of Greater Horizons Developmental Services had and cash and cash equivalents totaling \$132,081.

Income Taxes

The Organization qualified as a publicly supported organization exempt from federal income tax under Section 501 (c) 3 of the Internal Revenue Code. Contributions to the Organization are tax deductible within the limitations prescribed by the Code.

NOTE B: FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities were not allocated separately within the books and records of the Agency. Accordingly, the schedule of functional expenses was not presented.

NOTE C: UNCERTAIN TAX POSITIONS

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2014 the Agency has not taken any tax positions or executed any transactions that could impair the tax exempt status of the Agency. Accordingly, no federal tax liability or asset is recognized in the financial statements.

NOTE D: DUE TO SUMMER FEEDING PROGRAM

Fines or penalties resulting from violations of or failure to comply with federal, state, or local laws and regulations are unallowable cost. The Organization paid a penalty for the late filing of the 2012 Form 990 in the amount of \$2,064 which is required to be repaid to the Summer Feeding Program. The repayment of the unallowable cost must be paid with funds from an unrestricted revenue source.

GREATER HORIZONS DEVELOPMENTAL SERVICES
Notes to the Financial Statements
December 31, 2014

NOTE E: SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, July 31, 2015 and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

NOTE G: DEFERRED REVENUE

Restricted revenue under the deferral method is recognized as revenue in the period to which the related expense is incurred. Revenue for which expenses are not yet incurred is deferred to a later date. At December 31, 2014, the Organization had deferred revenue totaling \$222,730.



LUTHER SPEIGHT & COMPANY
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Greater Horizons Developmental Services, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Greater Horizons Developmental Services, Inc. (GHDS) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 3, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered GHDS's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. These findings are listed as 2014-01, 2014-02, 2014-03 and 2014-05.

Continued,

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether GHDS's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2014-03, 2014-04, 2014-06, and 2014-07.

GHDS's Response to Findings

GHDS's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



New Orleans, Louisiana
August 3, 2015



LUTHER SPEIGHT & COMPANY
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors of
Greater Horizons Developmental Center, Inc.

Report on Compliance for Each Major Federal Program

We have audited Greater Horizons Developmental Services, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Organization's major federal programs for the year ended December 31, 2014. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of GHDS's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about GHDS's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of GHDS's compliance.

Continued,

Opinion on Each Major Federal Program

In our opinion, Greater Horizons Developmental Services, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each its major programs for the year ended December 31, 2014.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2014-03 to 2014-04 and 2014-07. Our opinion on each major federal program is not modified with respect to these matters.

The Organization's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of GHDS is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered GHDS's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2014-03, 2014-04 and 2014-06 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The Organization's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



New Orleans, Louisiana
August 3, 2015

GREATER HORIZONS DEVELOPMENTAL SERVICES
Schedule of Federal Awards
December 31, 2014

Federal Grant/ Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grant Number	Federal Expenditure
Department of Agriculture			
<u>Pass Through Louisiana Department of Education</u>			
Child and Adult Care Food Program	10.558	NA	705,479
Summer Feeding Program	10.559	NA	652,530
Total Department of Agriculture			1,358,009
TOTAL FEDERAL AWARDS			\$ 1,358,009

The notes are an integral part of these financial statements.

GREAT HORIZONS DEVELOPMENTAL SERVICES
Cotton Valley, Louisiana

Notes to the Schedule of Expenditures of Federal Awards
December 31, 2014

NOTE A: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Summer Feeding and Children and Adult Care Food Programs of Greater Horizons Developmental Services under programs of the federal government for the year ended December 31, 2014. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of the Greater Horizons Developmental Services, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Greater Horizons Developmental Services.

GREATER HORIZONS DEVELOPMENTAL SERVICES
December 31, 2014

Section I – Summary of Auditor’s Results

Financial Statements:

Internal Control Over Financial Reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified
not considered to be material weaknesses? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards:

Internal controls over major programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified
not considered to be material weaknesses? Yes No

Any audit findings disclosed that are required to be
Reported in accordance with Circular
A-133 , Section 510(a)? Yes No

Was a management letter issued? Yes no

The major programs for the year ended December 31, 2014 were as follows:

1. Child and Adult Care Food Program – CFDA 10.558
2. Summer Feeding Program – CFDA 10.559

Dollar threshold used to distinguish between Type A and B programs - \$300,000

Is the auditee a “low –risk” auditee as defined by OMB Circular A-133? Yes No

GREATER HORIZONS DEVELOPMENTAL SERVICES
Schedule of Findings and Questioned Costs
December 31, 2014

FINDING NO. 2014-01: Bank Reconciliation Procedures Not Adequate

CONDITION:

The agency's accounting procedures regarding bank reconciliations and control over cash balances were not adequate. We noted the following exceptions during our examination:

1. The bank reconciliations prepared by the agency did not agree to the financial statements. Ending bank balances per the reconciliations did not agree to the balances reflected on the bank statements. The unreconciled differences from the two (2) primary agency bank accounts was \$117,095.
2. The bank reconciliations included stale dated checks that were outstanding for over six (6) months and checks that had not cleared as of the most recent bank statement. These checks totaled \$141,149.

The bank reconciliations were corrected during the course of our examination.

CAUSE:

The bookkeeper did not appear to take proper care in the preparation of the bank reconciliations and the resolution of differences.

EFFECT:

The Agency's controls over cash and the general ledger was not adequate.

CRITERIA:

Generally accepted accounting principles require proper reconciliation of bank accounts to assure all transactions are properly recorded.

RECOMMENDATION:

We recommend that the Agency upgrade their accounting function.

MANAGEMENT'S RESPONSE:

Bank Reconciliations will be done on a monthly basis upon receipt of Bank Statements in a timely manner. All reconciliation for the past and current year has been resolved, all checks are cleared and the recommendations are being implemented and upgrades are in progress.

GREATER HORIZONS DEVELOPMENTAL SERVICES
Schedule of Findings and Questioned Costs
December 31, 2014

FINDING NO. 2014-02: General Accounting Procedures Not Adequate

CONDITION:

The Agency's general accounting procedures were not adequate to fully account for the expenditure of grant funds and prepare accurate financial statements. The exceptions noted during our examination included the following:

1. The general ledger and financial statements for the agency included numerous balances that required adjustment during the audit engagement including grant income accruals totaling \$111,268 and various mis-postings to the accounts payable account balance.
2. Banking transfers, totaling \$227,558 were recorded as expenses.
3. Vendor names were omitted from transactions on the general ledger, while other disbursements were found to have incorrect vendor names noted on the cancelled checks.
4. Accounts Payable reflected a debit balance \$12,469. Of the thirteen vendor balance listed on the aging, there were ten (10) accounts listed with debit balances.
5. The general ledger postings were commingled and did not provide for separate financial reporting of each grant activity.

CAUSE:

The Agency's accounting function was not adequate.

EFFECT:

Numerous correcting journal entries were posted during the audit engagement.

CRITERIA:

Grant accounting requirements provide that accounting for grant funds be fully accounted for on a specific grant basis.

RECOMMENDATION:

We recommend that the Agency upgrade their accounting function.

MANAGEMENT'S RESPONSE:

Recommendations will be implemented, accounting functions will be upgraded. All omitted or incorrect vendor names have been included or corrected as noted. Corrective actions are still in progress.

GREATER HORIZONS DEVELOPMENTAL SERVICES
Schedule of Findings and Questioned Costs
December 31, 2014

FINDING NO. 2014 – 3 Management of the Program Budgets Not Adequate

CONDITION:

During our examination we noted that the agency’s financial reporting included certain grant administrative payroll expenditures that exceeded the approved grantor budgets. Further review of these budget variance indicated that prior and specific grantor approval was not on file at the agency. The accounting records were not adequately segregated to provide salary expenditures by grant program. Accordingly the grant over-budget amounts were determined by aggregating the two agency grant programs as follows:

Grant Program	Salary Budgeted	Actual Salary	Over-Budget Amount
CACFP Program	\$ 22,335		
Summer Feeding Program	51,600		
	<u>\$ 73,935</u>	<u>\$ 134,250</u>	<u>\$ 60,315</u>

CAUSE:

Management did not appear to provide adequate oversight over budget control.

EFFECT:

The lack of budgetary controls could result in disallowed or ineligible program costs incurred.

CRITERIA:

Grant requirements provide that variances from budget be specifically approved by the grantor.

RECOMMENDATION:

We recommend that engage qualified professionals to prepare monthly budget to actual reports. The reports should be reviewed by management, including timely follow-up and resolution of variances.

MANAGEMENT’S RESPONSE:

Recommendations to engage qualified professional(s) to prepare monthly budget to actual reports will be implemented. Reports will be reviewed timely by management and all variances will be resolved.

GREATER HORIZONS DEVELOPMENTAL SERVICES
Schedule of Findings and Questioned Costs
December 31, 2014

FINDING NO. 2014 – 04: Disbursements Not Eligible for Reimbursement

CONDITION:

The agency did not maintain a central administrative office that was adequate to provide the proper administrative and programmatic grant controls. Grant documentation and records were maintained at the feeding sites and in some instances personal residences of the executive director and bookkeeper. We also noted that the agency incurred costs for building renovations totaling \$16,600 during the current year.

We also noted that the Agency expended \$3,014 related to vehicle repairs. Further review of the records indicated the Agency did not own a vehicle.

CAUSE:

We were unable to determine the cause.

EFFECT:

The eligibility of costs incurred totaling \$16,600 and \$3,014 were considered questioned.

CRITERIA:

Program guidelines and regulations require that all grant expenditures be in support of grant activities and reasonable in amount.

RECOMMENDATION:

We recommend that the agency undertake steps to obtain a central administrative office to conduct grant activities. Costs incurred should be limited to grant business purposes.

MANAGEMENT'S RESPONSE:

Recommendations to obtain a central administrative office to conduct grant activities is noted and will be implemented, effective immediately and cost will be limited to grant business purposes. Grant documents will be maintained in this centralized office.

GREATER HORIZONS DEVELOPMENTAL SERVICES
Schedule of Findings and Questioned Costs
December 31, 2014

FINDING NO. 2014-05: Agency Payroll Accounting Procedures Not Adequate

CONDITION:

The Agency's payroll accounting procedures were not adequate to properly account for the reporting of grant payroll costs incurred applicable to grant activities conducted. During our examination we noted the following exceptions:

1. The executive director did not exercise adequate oversight of payroll and human resource function for the Agency. We noted the bookkeeper's compensation payments were calculated hourly using four (4) different hourly pay rates during the grant period. The highest pay rate of \$40/hour was not supported with any approval documentation by management.
2. Agency full-time employees were in many instances compensated as independent contractors.
3. Internal Revenue Service quarterly payroll tax returns were not prepared or filed for the 2nd, 3rd or 4th quarter of 2014.

CAUSE:

Inadequate accounting function and procedures.

EFFECT:

Adequate segregation of duties and oversight over the payroll accounting function was not in effect.

CRITERIA:

Grant requirements provide for adequate oversight and segregation of duties be maintained in order to safeguard grant resources.

RECOMMENDATION:

We recommend that the Agency provide enhanced supervision and oversight over the payroll accounting function.

MANAGEMENT'S RESPONSE:

Recommendations to provide enhance supervision and oversight over the payroll accounting functions is noted and will be implemented. The payroll was calculated by the Director, hours and wage amounts imputed into the Accounting Program by the Bookkeeper and checks printed accordingly. Timesheets and check stubs were maintained in the employee records. All 941 returns and any other payroll tax forms will be filed and paid timely.

GREATER HORIZONS DEVELOPMENTAL SERVICES
Schedule of Findings and Questioned Costs
December 31, 2014

FINDING NO. 2014-06: Summer Feeding Program Time Reporting Reflects Excessive Hours and Inadequate Controls

CONDITION:

We examined the full month of July 2015 payroll for the Summer Feeding Program for and noted that the Agency's payroll costs for certain employees appeared to exceed reasonable levels based upon hours worked. The timesheets for the four (4) employees reflected eight (8) hours per day and seven (7) days per week for the full month of July 2015. We also noted that the timesheets for these employees did not reflect supervisory or management approval signatures.

CAUSE:

Policies and procedures governing human resources were not adequately controlled.

EFFECT:

Excessive hours reported by certain employees on timesheets coupled with no supervisory approvals reflect an inadequate control environment.

CRITERIA:

Grant requirements provide that all costs must be necessary and reasonable.

RECOMMENDATION:

We recommend that the Agency establish enhanced human resource policies that include supervisory approval of all timesheets. Management should re-evaluate the necessity and reasonableness of fifty-six (56) hour work weeks.

MANAGEMENT'S RESPONSE:

We will implement the recommended policies for human resources. The Agency operates on a seven day basis for the Summer Program. We will re-evaluate the work hours for each employee.

GREATER HORIZONS DEVELOPMENTAL SERVICES
Schedule of Findings and Questioned Costs
December 31, 2014

FINDING #2014-07: AUDIT REPORT NOT SUBMITTED TIMELY

CONDITION:

The Agency did not submit its independent audit report within the six (6) months after the close of their fiscal year.

CAUSE:

The organization's audit was not submitted prior to the six (6) month deadline.

EFFECT:

The Agency is not in compliance with the applicable regulations.

CRITERIA:

Louisiana Revised Statute 24:513 requires that Agencies receiving federal, state, or local government funding from the State of Louisiana submit an independent financial statement engagement to the Louisiana Legislative Auditor's office within six months from their fiscal year end.

RECCOMENDATION:

We recommend that the Agency engage an approved certified public accountant on a timely basis and provide oversight to assure the engagement is timely submitted to the Louisiana Legislative Auditor.

MANAGEMENT'S RESPONSE:

We will engage auditor immediately following the close of the fiscal year.

GREATER HORIZONS DEVELOPMENTAL SERVICES
Schedule of Prior Year Findings and Questioned Costs
December 31, 2014

2013-1 Inadequate Segregation of Duties

Status: Unresolved – The organization did hire professional external contracted services; however, the engaged party was not able to successfully provide adequate accounting services. Additionally, the required supervision and review of services provided and paid for was not in place.

2013-2 Inadequate Supporting Documentation for Expenses

Status: Unresolved - Vendor file were not adequately maintained. Requested information was not readily available, resulting in the delayed submittal of requested documentation and in some instances records could not be located.

2013-3 Incorrectly Classing Employees as Contract Labor

Status: Unresolved – The organization did not transition all required compensation payments to employees as indicated in the finding. There are still numerous employees, including management who are still paid as independent contractors.

2013-4 Untimely Filing of Form 990

Status: Unresolved – the 990 return reviewed for the year ended December 31, 2014 was dated after the deadline. Though management stated the return was filed on time, there was no documentation to support it.

GREATER HORIZONS DEVELOPMENTAL SERVICES
 Schedule of Compensation, Benefits and Other
 Payments to the Agency Head or Chief Executive Officer
 December 31, 2014

Note: This schedule is required for all local auditees, including quasi-public entities.

Agency Head Name: Myrna Quarles

Purpose	Amount
Salary	77,240.00
Benefits-insurance	
Benefits-retirement	
Benefits-Section 125	
Car allowance	
Vehicle provided by government	.00
Per diem	
Reimbursements	6,381.36
Travel	
Registration fees	
Conference travel	
Continuing professional education fees	
Housing	
Unvouchered expenses*	
Special meals	

NOTE: *an example of an unvouchered expense would be a travel advance

Note: If the agency head served part of the fiscal year, indicate how many months were served, and include information on all agency heads who served during the fiscal year.